

**11. CITY MANAGER**


**a. Informational Items**

**6. Quarterly Financial Report**

May 6, 2008

MEMORANDUM

TO: Renee Lynch, Finance Director

FROM: Frances J. Slane, Fiscal Analyst 

RE: Statement of General Fund Revenues and Expenditures – Budget-to-Actual  
January 1, 2008 through March 31, 2008

As Council has requested attached is the budget-to-actual report for the General Fund through March 31, 2008. The report is in the format presented in the Comprehensive Annual Financial Report (CAFR), with an added column presenting percent of actual expenditures to the amended budget. The letters to the right of the percent column identify anomalies within plus or minus 5% of the percent of fiscal year completed (50%) and are explained below:

- A) The majority of ad valorem taxes are normally collected early in the year as taxpayers take advantage of discounts for early payments. Year-to-date collections are in line with budget expectations.
- B) Gas taxes are usually distributed by the State of Florida one month in arrears. The actual amount represents five months of distributions, not six. The State has notified the City that distribution amounts will be reduced; the local option gas tax will be reduced to \$911,290 from \$970,000 and the \$.05 local option gas tax will be reduced to \$668,937 from \$700,000. A budget amendment to reflect the reduced projections of \$89,773 was presented to Council at its April 15, 2008 meeting.
- C) The casualty insurance premium tax payment will be received in a lump sum in August 2008.
- D) Actual special event permit revenues are exceeding budget projections by \$2,325 and annual dog licenses of \$1,600 were collected at the budgeted amount in January 2008.
- E) Intergovernmental revenues are lower than 50% because state shared revenue projections have been lowered. State revenue sharing proceeds are being reduced from \$190,000 to \$153,486 and the half-cent sales tax is being reduced from \$580,000 to \$525,160. A budget amendment to reflect the lower projections was presented to Council at its April 15, 2008 meeting. Additionally, shared revenues are paid one month in arrears. Finally, grants are paid on a reimbursement basis and federal and local payments in lieu of taxes, budgeted at \$140,853 and \$7,500 respectively, are collected annually in September.
- F) Charges for services include indirect cost charges to other funds and are based on the indirect cost study for FY07 received in January 2008. Based on that study indirect costs in FY08 are anticipated to be higher than budgeted. A budget amendment to increase this General Fund revenue and expenses in other funds was

presented to Council at its April 15, 2008 meeting. A mid-year update of the indirect cost study is scheduled for May 14<sup>th</sup>.

- G) Fines and forfeitures are paid one month in arrears so the actual amount represents five months of collections not six. Collections are expected to increase later in the year to equal the budget.
- H) Interest earnings, a component of the miscellaneous revenue line, are lower than budgeted for two reasons. First, only five months of interest earnings have been received from the City's Local Government Investment Pool (LGIP) account. November interest earnings for all entities in the pool were diverted into the new Fund B portion of the pool when it was split in December, to partially offset potential losses of the LGIP. This reduced the City's receipts by approximately \$40,000. Second, as interest rates have fallen from projected levels the City is earning less revenue. A budget amendment to reduce interest earnings by \$100,000, to reflect these issues was passed by Council on January 15, 2008. An amendment to reduce the budget by another \$122,121 was presented to Council at its April 15, 2008 meeting to recognize the lower yields to be earned from Treasuries and CD's than was earned in previous years from the LGIP.
- I) Legislative Department – The professional services line is under-expended to date although invoices for services equal to the budget are expected to be received later in the year.
- J) Legal Department - The legal services line is under-expended to date although invoices for professional legal services equal to the budget are expected to be received later in the year.
- K) Planning Department - The Planning Department's second quarter FY2007 – 2008 expenditures do not include the following: payment of final invoice to ERA for revised Town Center commercial district economic analysis report; Phase 3 invoice from Wallace Roberts and Todd, LLC for Town Center commercial district architectural design and site planning guidelines; final GIS conversion by BWLK of Sanibel Plan maps associated with Ecological Zones and Development Intensity; and final printing and related services associated with the production of the adopted Sanibel Plan.
- L) Insurance Department –Prior to the end of each quarter the following quarter's insurance premium is made so that the payment reaches the insurer by the beginning of the quarter to be covered. As of March 31, three of four quarterly payments for property, liability and auto coverage have been made. The annual payment for flood and windstorm was made in January.
- M) SEMP Department – Expenditures will be made later in the fiscal year, during hurricane season.
- N) Garbage Recycling – The final annual lease payment of \$54,044 for the vegetation grinder was made in October 2007.
- O) Natural Resources Department – In February 2008 the department received a \$74,830 from the Tourist Development Council (TDC) for Caloosahatchee water

quality observatory maintenance project. No payments have been made against this project to date.

- P) Public Facilities Dept – The operating portion of this budget is based on historical expenditures, including such things as pressure cleaning of City Hall, mechanical engineering work for the air conditioning at City Hall and various City Hall repairs including air conditioning, electrical, elevator, exterior, generator, roof and other items. Some of this work is done in the summer and other work is done as needed during the year. While the first half of the year operating expense is lower than budgeted it is expected that expense through the year will conform to the budget.
- Q) Seniors Program – Xerox charges for the copy machine are greater than budgeted.
- R) Performing arts facility – The primary expense for this department is for insurance for the annual flood and wind premiums which are paid in the second quarter of the year. This year, the wind insurance, budgeted at \$6,000, has not yet been billed by Citizens. Other expenditures will be made during the summer.
- S) Expenditures are never made directly from the Reserves, but are re-appropriated by Council-approved budget amendments to the department responsible for supervising the expenditure. As of March 31st, Council had approved the following budget amendments from the Reserves:

| Budget Amendment No. | Amount from Reserves | Purpose  |
|----------------------|----------------------|--|
| Beginning Reserves   | \$6,313,267          |  |
| BA2008-006           | \$31,427             | Wage and benefit adjustment for the City Manager   |
| BA2008-008           | \$1,040              | Grants of: 1) \$539.70 to Lee County Human Services and 2) \$500 to START.   |
| BA2008-009           | \$45,000             | Provide funding to Lee County for work on Sextant Drive  |
| BA2008-010           | \$65,000             | Fertilizer education program including producing video, DVD, printing and mailing costs  |
| BA2008-015           | \$25,000             | Contribution to Lee County to share in the cost of upgrading the county-wide reverse 911 notification system   |
| BA2008-022           | \$154,400            | Fund as needed part-time positions for the After School Program (\$9,400), fund expenses associated with the opening of the recreation center (\$125,000) and extend the hours at the center through March 31, 2008 (\$20,000) |
| BA2008-023           | \$192,272            | Create the Algae Research Fund with the City's one quarter contribution of the \$769,083 cost of an algae study  |
| BA2008-024           | \$26,651             | Wage and benefit adjustment for the City Attorney  |
| BA2008-026           | \$175,002            | Purchase Sanibel Bayous Utility Corporation (\$1), land acquisition (\$175,000) and one-year lease-back of 1.86 acre site (\$1)  |
| BA2006-030           | \$31,962             | Production and distribution of a fertilizer booklet and DVD  |
| BA2008-033           | \$1,300              | Reprint 10,000 snowy plover coloring books   |
| BA2008-035           | \$10,100             | Insurance deductibles for two trip and fall claims   |
| BA2008-040           | \$53,850             | Update the City's web site   |
| BA2008-041           | (\$121,029)          | Reimburse the General Fund for transfers to the recreation center Fund 370   |
| BA2008-041           | \$112,845            | Extend recreation center hours April-June 2008   |
| Ending Reserves      | \$5,508,447          |  |

- T) Reserve for Undercollection of Revenue – As mentioned in A) above, taxpayers take advantage of the discount provided by paying their ad valorem taxes early, that is in the months from November through February. Therefore, the City never collects 100% of its property tax levy and sets aside 4% of its ad valorem tax levy, or \$455,738, as a reduction of revenue.
  
- U) Fund Balance – The unaudited FY08 beginning fund balance is \$12,461,433. The amount shown in the actual ending fund balance column is the addition of the net change in fund balances (revenue minus expenditures minus other financing uses) plus the unaudited beginning fund balance. This amount will decrease as the fiscal year proceeds.

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Attachment: Statement of Revenues, Expenditures and changes in Fund Balances – Budget and Actual – General Fund

CITY OF SANIBEL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND

For the Six Months Ended March 31, 2008

Percent of Fiscal Year Completed 50.00%

|   | Budgets             |                     | Actual             | Variance with<br>Amended Budget<br>Positive<br>(Negative) | Percent<br>of Actual to<br>Amended<br>Budget |   |
|---|---------------------|---------------------|--------------------|---|--|---|
|   | Original            | Amended             |                    |   |  |   |
| <b>Revenues</b>                             |                     |                     |                    |   |  |   |
| <b>Taxes</b>                                |                     |                     |                    |   |  |   |
| Property taxes                              | \$ 11,405,824       | \$ 11,405,824       | 10,029,833         | \$ (1,375,991)  | 87.94%                                       | A |
| Gas taxes                                   | 1,670,000           | 1,670,000           | 631,390            | (1,038,610)   | 37.81%                                       | B |
| Casualty insurance premium tax              | 47,000              | 47,000              | -                  | (47,000)  | 0.00%  | C |
| Communications services tax                 | 560,000             | 560,000             | 266,679            | (293,321)   | 47.62%                                       |   |
| Licenses and permits                        | 4,600               | 4,600               | 6,905              | 2,305   | 150.11%                                      | D |
| Intergovernmental revenues                  | 1,079,685           | 1,174,515           | 407,026            | (767,489)   | 34.65%                                       | E |
| Charges for services                        | 1,636,709           | 1,636,709           | 903,325            | (733,384)   | 55.19%                                       | F |
| Fines and forfeitures                       | 63,384              | 63,384              | 21,681             | (41,703)  | 34.21%                                       | G |
| Miscellaneous                               | 824,995             | 727,779             | 275,213            | (452,566)   | 37.82%                                       | H |
| <b>Total revenues</b>                       | <b>17,292,197</b>   | <b>17,289,811</b>   | <b>12,542,052</b>  | <b>(4,747,759)</b>  | <b>72.54%</b>                                |   |
| <b>Expenditures</b>                         |                     |                     |                    |   |  |   |
| <b>Current</b>                              |                     |                     |                    |   |  |   |
| <b>General government</b>                   |                     |                     |                    |   |  |   |
| Legislative                                 | 366,674             | 369,014             | 144,318            | 224,696   | 39.11%                                       | I |
| Administrative                              | 753,269             | 784,696             | 413,758            | 370,938   | 52.73%                                       |   |
| Management information systems              | 531,231             | 727,409             | 358,874            | 368,535   | 49.34%                                       |   |
| Finance                                     | 836,007             | 836,007             | 421,355            | 414,652   | 50.40%                                       |   |
| Legal                                       | 687,721             | 714,372             | 298,878            | 415,494   | 41.84%                                       | J |
| Planning                                    | 1,225,517           | 1,327,739           | 544,221            | 783,518   | 40.99%                                       | K |
| Insurance                                   | 324,069             | 334,169             | 236,762            | 97,407  | 70.85%                                       | L |
| <b>General government</b>                   | <b>4,724,488</b>    | <b>5,093,406</b>    | <b>2,418,166</b>   | <b>2,675,240</b>  | <b>47.48%</b>                                |   |
| <b>Public safety</b>                        |                     |                     |                    |   |  |   |
| Police                                      | 3,734,681           | 3,858,325           | 2,036,326          | 1,821,999   | 52.78%                                       |   |
| SEMP  | 47,140              | 72,140              | 13,898             | 58,242  | 19.27%                                       | M |
| <b>Public safety</b>                        | <b>3,781,821</b>    | <b>3,930,465</b>    | <b>2,050,224</b>   | <b>1,880,241</b>  | <b>52.16%</b>                                |   |
| <b>Physical Environment</b>                 |                     |                     |                    |   |  |   |
| Garbage recycling                           | 141,124             | 141,124             | 103,694            | 37,430  | 73.48%                                       | N |
| Natural resources management                | 358,038             | 432,868             | 186,405            | 246,463   | 43.06%                                       | O |
| <b>Physical Environment</b>                 | <b>499,162</b>      | <b>573,992</b>      | <b>290,099</b>     | <b>283,893</b>  | <b>50.54%</b>                                |   |
| <b>Transportation-Public works</b>          | <b>2,132,362</b>    | <b>2,167,560</b>    | <b>1,136,189</b>   | <b>1,031,371</b>  | <b>52.42%</b>                                |   |
| <b>Culture/Recreation</b>                   |                     |                     |                    |   |  |   |
| <b>Parks &amp; Recreation</b>               |                     |                     |                    |   |  |   |
| Public facilities                           | 528,153             | 551,937             | 232,839            | 319,098   | 42.19%                                       | P |
| Seniors program                             | 118,531             | 118,531             | 65,529             | 53,002  | 55.28%                                       | Q |
| Performing arts facility                    | 11,400              | 11,400              | 1,688              | 9,712   | 14.81%                                       | R |
| <b>Culture/Recreation</b>                   | <b>658,084</b>      | <b>681,868</b>      | <b>300,056</b>     | <b>381,812</b>  | <b>44.00%</b>                                |   |
| <b>Total expenditures</b>                   | <b>11,795,917</b>   | <b>12,447,291</b>   | <b>6,194,734</b>   | <b>6,252,557</b>  | <b>49.77%</b>                                |   |
| <b>Excess revenues over expenditures</b>    | <b>5,496,279</b>    | <b>4,842,520</b>    | <b>6,347,318</b>   | <b>1,504,798</b>  | <b>131.07%</b>                               |   |
| <b>Other financing sources (uses)</b>       |                     |                     |                    |   |  |   |
| Operating transfers in                      | -                   | 121,029             | -                  | (121,029)   | 0.00%  |   |
| Reserve for contingencies                   | (6,059,420)         | (5,254,600)         | -                  | 5,254,600   | 0.00%  | S |
| Reserve for Classification & Pay Adj        | (253,847)           | (253,847)           | -                  | 253,847   | 0.00%  | S |
| Operating transfers out                     | (5,010,916)         | (5,573,069)         | (2,969,694)        | (2,603,375)   | 53.29%                                       |   |
| Reserve for undercollection of revenue      | (455,738)           | (455,738)           | -                  | 455,738   | 0.00%  | T |
| <b>Total other financing sources (uses)</b> | <b>(11,779,921)</b> | <b>(11,416,225)</b> | <b>(2,969,694)</b> | <b>3,239,781</b>  | <b>26.01%</b>                                |   |
| <b>Net change in fund balances</b>          | <b>(6,283,642)</b>  | <b>(6,573,705)</b>  | <b>3,377,624</b>   | <b>9,951,329</b>  | <b>-51.38%</b>                               |   |
| Fund balances, October 1, 2007 (unaudited)  | 9,968,478           | 10,258,542          | 12,461,433         | 2,202,891   | 121.47%                                      | U |
| Fund balances, March 31, 2008               | \$ 3,684,836        | \$ 3,684,837        | \$ 15,839,057      | \$ 12,154,220   | 429.84%                                      | U |